

**ATTESTATION REPORT
OF
MADISON COUNTY COURT**

JANUARY 1, 2025, THROUGH DECEMBER 31, 2025

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Issued on April 7, 2026

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MADISON COUNTY COURT

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MADISON COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Madison County Court (County Court), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2 (“Improper, Untimely, or Unsupported Action Taken”), which is considered to be a significant deficiency, and Comment #1 (“Segregation of Duties”), which is considered to be a material weakness.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Segregation of Duties:*** County Court staff were capable of handling all phases of a transaction from beginning to end.
2. ***Improper, Untimely, or Unsupported Action Taken:*** For 18 transactions tested, the County Court failed to address the balances held or due in a timely manner, maintain adequate supporting documentation, or take action in accordance with relevant State statute.
3. ***Unclaimed Property:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old, as required by State statute.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations of any strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized as appropriate in this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

The Judicial User System to Improve Court Efficiency (JUSTICE) application is the Supreme Court's case and financial management system for Nebraska trial courts.

The office of the Madison County Court (County Court) and the JUSTICE application lacked a sufficient segregation of duties, as one person could handle all aspects of processing transactions from beginning to end.

The JUSTICE system contains an inherent lack of segregation of duties within the "Administrator," "Supervisor," and "Financial" user classes. These user classes are able to complete, at least, the following tasks in JUSTICE: 1) issue, adjust, and void receipts, including non-monetary receipts; 2) issue, adjust, reprint, and void checks; 3) enter citations and court orders; 4) change the dates that checks clear the bank; 5) adjust funds from one account to another on a receipt; and 6) adjust funds from one account to another on a check. Staff assigned to these user roles also have physical access to the cash and checks in the office.

Furthermore, within JUSTICE is a module, DOCKET, used to issue court orders affixed with the Judge's signature. The "Judge Staff" role in JUSTICE granted users the ability to create and issue Judge-signed court orders through DOCKET and was assigned to 19 users of the County Court who were not Judges. As a result, these users were able to create and issue orders affixed with the Judge's signature without formal documentation to support the Judge's approval of the order. Of those 19 users, we noted that this access had been given also to four State employees who were not employees of the Supreme Court.

We noted 11 users with the "Judge Staff" role of the County Court who also have access to court receipts, which would allow them to record non-monetary transactions (e.g., waiving fines) in JUSTICE. Access to both the Judge's signature and court receipts significantly increases the risk of improper transactions, as one individual would be able to collect cash, record a non-monetary receipt in the system, create an authorization signed by the Judge to waive the fee, and not deposit the cash.

Lastly, we noted the following additional errors due to the lack of segregation of duties in the Court:

- The County Court did not have procedures to ensure cash drawers were balanced daily.
- The County Court failed to ensure its manual receipt books, used to issue receipts when the JUSTICE system is unavailable, were used consecutively, completely filled out, and entered timely, as follows:
 - In previous years, the County Court skipped several pages of receipts, which were left blank. Instead of voiding those receipts, the County Court is periodically going back and using the skipped blank receipts; however, this process significantly increases the risk of theft, misuse, or error.
 - One manual receipt tested, totaling \$80, was not filled out in its entirety, and the "Received From" and "Payment Type" fields were left blank.
 - One manual receipt tested, totaling \$10, was not entered into the JUSTICE system until six days after receipt.

A proper system of internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. Such system of internal controls should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end. Further, a proper system of internal controls includes: 1) procedures to ensure system access is limited, being granted only to appropriate individuals, and documentation is properly approved and maintained for such access; 2) court orders affixed with a Judge's signature by someone other than the Judge have formal documentation to support the Judge's approval of the order, and such documentation is maintained for subsequent review; 3) cash drawers are balanced on a daily basis; and 4) manual receipts are filled out completely, entered into the JUSTICE system timely, and used in consecutive order to reduce risk of theft or misuse.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Segregation of Duties** (Concluded)

A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge.

We have noted this issue in previous examinations.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed. Where reasonably possible, the Nebraska State Court Administrator should work with the County Court to ensure adequate segregation of duties, as well as limit system access and ensure that such access is granted only to appropriate individuals. We also recommend the Nebraska State Court Administrator implement procedures to ensure that court orders affixed with a Judge's signature by someone other than the Judge have formal documentation to support the Judge's approval of the order, and such documentation is maintained for subsequent review. Lastly, we recommend procedures to ensure cash drawers are balanced daily, manual receipts are filled out appropriately, entered timely, and used consecutively. Any remaining blank emergency receipts should be voided to prevent future use.

County Court's Response: Thank you for bringing the issue with the Manual Receipts to our attention. Effective immediately Madison County will only have one manual receipt book that will be used on an emergency basis. All receipts will be filled in completely and issued as soon as possible into JUSTICE.

Segregation of Duties:

The Administrative Office of the Courts and Probation (AOCP) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialist review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risk related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

The Administrative Office of Courts and Probation (AOCP) understands that there is a risk related to the ability of someone other than the judge applying the judge's signature to an order within the DOCKET subsystem of JUSTICE, the court's case management system. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process is put into place to digitize and streamline the court process. The AOCP has determined no further action will be taken at this time, based on an evaluation of the level of risk, current IT priorities and resources, and a review of compensating controls and practices.

The Clerk Magistrates in the Seventh Judicial District have been given authority to provide coverage in other courts by the three judges. Clerk Magistrates are county court employees but employed by the state. The AOCP job descriptions for clerk magistrate includes expectations that may assist in other courts other than their primary court.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Improper, Untimely, or Unsupported Action Taken

We tested 18 transactions, totaling \$6,333, for which the County Court failed to address in a timely manner the balances held or due, maintain adequate supporting documentation, or take action in accordance with relevant State statute, as follows:

- For four cases tested, the County Court failed to ensure that costs, totaling \$1,492, were appropriately entered into the case. Additionally, the County Court also failed to waive appropriately the remaining costs, totaling \$1,224, on three of the cases and apply the amounts received, totaling \$545, in accordance with State statute for the remaining case, as detailed below.
 - One criminal case tested had a sentence ordered in September 2025 that included \$1,150 of restitution; however, these costs were never entered into the case until payment was received in March 2026. Due to this failure, payments, totaling \$545, were applied to court costs and other fees owed before applying them to restitution in compliance with Neb. Rev. Stat. § 29-2281(4) (Cum. Supp. 2024).
 - One criminal case tested had a sentence ordered in October 2025 that included \$2 in sheriff fees; however, these costs were never entered into the case. Additionally, in November 2025, the County Jail provided a return stating that the defendant had sat out in jail fines and costs owed; however, the remaining costs due, totaling \$500, were not waived until after inquiry in March 2026.
 - One criminal case tested had the non-waiverable fees of \$17 paid by Madison County in September 2021. These fees were not added to the case to ensure the defendant reimbursed the costs to the County. Additionally, in January 2026, the County Court received a return stating the defendant had sat out in jail fines and costs owed; however, the balance due on the case, totaling \$401, was not waived until after inquiry in March 2026.
 - One criminal case tested ordered the defendant to pay \$323 in restitution in February 2025; however, these costs were never entered into the case. Due to this failure, when restitution was paid directly to the County Attorney the same month, the County Court waived \$323 of fines in error.
- For five case balances due, totaling \$1,150, the County Court failed to resolve these balances in a timely manner:
 - For two criminal cases tested with balances due, totaling \$1,036, the defendants were arrested on warrants in September 2025. The County Court failed to follow up with the County Jail until six months later in March 2026, when returns were filed approving the waiver of the balances owed. For one of these cases, a \$2 sheriff fee is still outstanding due to the failure of the County Court to assign the balance to the correct party.
 - One traffic case tested with a balance due of \$49 had no activity after December 2025, when a guilty plea was entered. The County Court failed to take follow-up action, such as the issuance of a warrant or suspension for non-payment or declaration of the balance as uncollectible.
 - One criminal case tested with a balance due of \$60 had an order to waive costs in June 2025; however, the County Court failed to waive the costs until after inquiry in March 2026.
 - One civil case tested with a balance due of \$3 had satisfaction of judgment filed in October 2025; however, the County Court failed to waive the costs until after inquiry in March 2026.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Improper, Untimely, or Unsupported Action Taken** (Continued)

- For three criminal cases tested, the County Court failed to follow court orders on the case, resulting in \$457 in fines and costs that were handled inappropriately, as follows:
 - One criminal case tested with an overdue balance of \$350 had a bond that was ordered to be applied to these costs from another related criminal case. The remaining bond from the related case, totaling \$283, was not applied to the overdue balance and, instead, was refunded to the defendant.
 - One criminal case tested ordered a bond held, totaling \$360, to be released to the defendant and the fines and costs due to be waived with jail time previously served. Instead, the County Court paid the fines and costs, totaling \$173, from the bond in error. After inquiry during the attestation, the County Court waived \$156 of the costs; however, the non-waiverable fees of \$17 remain paid from the bond in error.
 - One criminal case tested was ordered to pay restitution, totaling \$5; however, the County Court issued a restitution payment for \$6 in error.
- Two criminal cases tested applied bonds held to fines, totaling \$388; however, no support was on file to ensure the consent of the defendant prior to application of the bond in compliance with Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2024).
- One criminal case tested with a \$470 balance due was incorrect because of the following:
 - \$50 of the balance was ordered waived in January 2025; however, the County Court failed to waive these costs until after inquiry in March 2026.
 - \$30 of the balance was caused by a duplicate probation enrollment fee that was added in error.
 - In January 2026, a probation order was filed extending probation; however, the order was not completely filled out, so it was unclear if additional fees should have been assessed or waived related to the extension.
- One criminal case tested had a bond held, totaling \$450; however, the case was dismissed in June 2025, and the County Court failed to refund the bond upon dismissal. Additionally, this case showed \$2 due from the plaintiff on the case; however, upon inquiry, the County Court deleted the fee from the case instead of waiving it per the dismissal.
- One criminal case tested had \$150 in fines and costs waived in December 2024; however, no supporting documentation is on file to support such waiver.
- One criminal case tested applied receipts, totaling \$5, to court costs before applying them to restitution owed in compliance with Neb. Rev. Stat. § 29-2281(4) (Cum. Supp. 2024).

Section 29-2281(4) states the following:

If, in addition to restitution, a defendant is ordered to pay fines and costs as part of the judgment and the defendant fails to pay the full amount owed, funds shall first be applied to a restitution obligation with the remainder applied towards fines and costs only when the restitution obligation is satisfied in full.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Improper, Untimely, or Unsupported Action Taken** (Concluded)

Section 29-2206(3) states the following, in relevant part:

As an alternative to a lump-sum payment or as an alternative or in conjunction with installment payments, the court or magistrate may, with the consent of the offender, deduct fines from a bond posted by the offender to the extent that such bond is not otherwise encumbered by a valid lien, levy, execution, or assignment to counsel of record or the person who posted the bond.

(Emphasis added.) A proper system of internal control and sound accounting practices require procedures to ensure that proper action on balances held or due on cases is completed in a timely manner, appropriately documented, and in compliance with the court order or relevant State statutes.

Without such procedures, there is an increased risk of noncompliance with State statute and the loss or misuse of funds.

A similar issue was noted in the previous examination.

We recommend the County Court implement procedures to ensure that proper action on balances held or due on cases is completed in a timely manner, is adequately documented, and in compliance with the court order or relevant State statute.

County Court's Response: Regarding restitution judgments, a step was missed in JUSTICE. This has been discussed and the matter was remedied immediately.

The Court currently asks the defendant in open court on the record for consent when applying bonds. The Court will continue to ask in open court on the record for consent when applying bonds and record it in the journal entry. We will work with the Sheriff's Office to make sure the returns reflect the information needed when they are filed. If a correction is needed, we will contact the Sheriff's Office in a timely manner. The fines and costs will be waived accordingly with proper documentation.

All issues identified during the audit process have been corrected.

3. **Unclaimed Property**

During testing, it was noted that outstanding checks held by the County Court were not followed up on properly, resulting in nine of those checks, totaling \$2,727, being outstanding for over three years. Contrary to State statute, however, those checks were not remitted timely to the State Treasurer as abandoned property, as detailed below.

- Four checks, totaling \$225, were due to be remitted to the State Treasurer by November 2024, but they were not sent until October 2025, a year later.
- Five checks, totaling \$2,502, were due to be remitted to the State Treasurer by November 2025, but they are still on hand.

Per Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, intangible personal property held by a court and unclaimed for more than three years is presumed to be abandoned.

MADISON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Unclaimed Property (Concluded)

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2024) of the Act requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

We recommend the implementation of procedures to ensure all property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by State statute.

County Court's Response: While the report does get submitted every year in October. I [Clerk Magistrate] acknowledged that the outstanding checks have not been reviewed monthly, however starting immediately they will be looked at when doing the end of the month bank reconciliation.



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MADISON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Madison County Court
Madison, Nebraska 68748

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Madison County Court as of and for the calendar year ending December 31, 2025. The County Court's management is responsible for the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2025, is based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance. We performed our examination to express an opinion on whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions or on compliance and other matters;

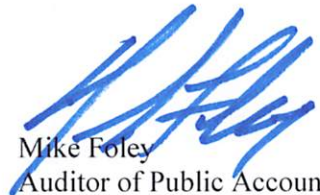
accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

Government Auditing Standards also require us to perform limited procedures on the Madison County Court's response to the findings identified in the Comments and Recommendations section of the report. The Madison County Court's responses were not subjected to the other procedures applied in the attestation of the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions and, accordingly, we express no opinion on the responses.

The purpose of this report is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

Rachel Wittler

Rachel Wittler, CPA, CFE
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Mike Foley
Auditor of Public Accounts

April 2, 2026

MADISON COUNTY COURT
MADISON, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2025

	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025
ASSETS				
Cash and Deposits	\$ 190,459	\$ 1,405,631	\$ 1,318,853	\$ 277,237
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,778	\$ 118,992	\$ 118,967	\$ 11,803
Law Enforcement Fees	1,116	12,538	12,547	1,107
State Judges Retirement Fund	7,920	92,400	91,238	9,082
Court Administrative Fees	6,595	81,918	82,494	6,019
Legal Services Fees	4,124	47,676	47,395	4,405
Due to County Treasurer:				
Regular Fines	23,384	340,118	337,458	26,044
Overload Fines	-	4,075	3,250	825
Regular Fees	4,935	20,205	23,985	1,155
Petty Cash Fund	500	-	-	500
Municipality Fines	3,455	66,151	59,542	10,064
Due to Municipalities:				
Regular Fees	140	2,391	2,330	201
Trust Fund Payable	126,512	619,167	539,647	206,032
Total Liabilities	\$ 190,459	\$ 1,405,631	\$ 1,318,853	\$ 277,237

The accompanying notes are an integral part of the Schedule.

MADISON COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2025

1. Criteria

A. Reporting Entity

The Madison County Court is established by State statute and is administratively operated through the Court Administrator's Office of the Nebraska Supreme Court, which is part of the State of Nebraska reporting entity. The Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflects only the Custodial Funds activity of the County Court, including the receipts and their subsequent disbursement to the appropriate entities for which they were collected. The Schedule does not reflect the personal services expenses of the County Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Madison County.

B. Basis of Accounting

The accounting records of the County Court Custodial Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has been prepared, based on the accounting system and procedures prescribed by the Nebraska Supreme Court. Under this system of accounting, fines, fees, and receipts relating to trust funds are shown as additions to assets and as an increase in the related liability when received or collected. Likewise, disbursements are shown as deductions to assets and as a decrease in the related liability when a check is written.

2. Deposits and Investments

Funds held by the County Court are deposited and invested in accordance with rules issued by the Supreme Court, as directed by Neb. Rev. Stat. § 25-2713 (Reissue 2016). Funds are generally consolidated in an interest-bearing checking account; however, the County Court may order certain trust funds to be invested separately. Any deposits in excess of the amount insured by the Federal Deposit Insurance Corporation are required by Neb. Rev. Stat. § 77-2326.04 (Reissue 2018) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.